

Mr. Dennis Lofe, Administrator
Kershaw County Hospital
Post Office Box 7000
Camden, South Carolina 29020-7000

Re: AC# 3-ASK-J4 – Kershaw County Medical Center
d/b/a A. Sam Karesh Long Term Care Nursing Facility

Dear Mr. Lofe:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1993 through September 30, 1994. That report was used to set the rate covering the contract periods beginning October 1, 1995.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Mac Carroll

**KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE
NURSING FACILITY**

CAMDEN, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1995
AC# 3-ASK-J4**

REPORT ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 20, 1998

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Kershaw County Medical Center d/b/a A. Sam Karesh Long Term Care Nursing Facility for the contract periods beginning October 1, 1995 and for the twelve month cost report period ended September 30, 1994, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Kershaw County Medical Center d/b/a A. Sam Karesh Long Term Care Nursing Facility to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Kershaw County Medical Center d/b/a A. Sam Karesh Long Term Care Nursing Facility dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
October 20, 1998

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

**KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE NURSING FACILITY**

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1995
AC# 3-ASK-J4

	10/01/95- <u>09/30/96</u>
Interim Reimbursement Rate (1)	\$90.13
Adjusted Reimbursement Rate	<u>86.75</u>
Decrease in Reimbursement Rate	\$ <u>3.38</u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated July 17, 1998

KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods October 1, 1995 Through September 30, 1996
 AC# 3-ASK-J4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$43.78	\$40.58	\$40.58
Dietary	<u>-</u>	<u>12.79</u>	<u>9.21</u>	<u>9.21</u>
Subtotal	\$ <u>-</u>	56.57	49.79	49.79
Laundry/Housekeeping/Maint.	\$ -	11.98	7.21	7.21
Administration & Med. Rec.	<u>-</u>	<u>11.70</u>	<u>8.37</u>	<u>8.37</u>
Subtotal	\$ <u>-</u>	80.25	\$ <u>65.37</u>	65.37
<u>Costs Not Subject to Standards:</u>				
Utilities		3.40		3.40
Special Services		-		-
Medical Supplies & Oxy.		4.51		4.51
Taxes and Insurance		.28		.28
Legal Fees		<u>.05</u>		<u>.05</u>
TOTAL		\$ <u>88.49</u>		73.61
Inflation Factor (6.30%)				4.64
Cost of Capital				14.70
Cost of Capital Limitation				(6.20)
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For Gen. Serv. & Dietary				-
Effect of \$1.50 Cap on Cost/Profit Incentives and Cost Sharing				<u>-</u>
 ADJUSTED REIMBURSEMENT RATE				 \$ <u>86.75</u>

KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1994
 AC# 3-ASK-J4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,346,089	\$ 43,738(1)	\$ -	\$1,389,827
Dietary	355,687	50,456(1)	-	406,143
Laundry	63,283	161(1)	-	63,444
Housekeeping	115,528	3,261(1)	-	118,789
Maintenance	178,118	20,054(1)	-	198,172
Administration & Medical Records	280,149	91,124(1)	-	371,273
Utilities	104,980	2,878(1)	-	107,858
Special Services	-	-	-	-
Medical Supplies & Oxygen	212,223	-	69,015(1)	143,208
Taxes & Insurance	45,046	-	36,101(1)	8,945
Legal Fees	-	1,737(1)	-	1,737
Cost of Capital	<u>386,216</u>	<u>165,737(2)</u>	<u>85,171(1)</u>	<u>466,782</u>
Subtotal	3,087,319	379,146	190,287	3,276,178

KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1994
 AC# 3-ASK-J4

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	1,277	23(1)	-	1,300
Non-Allowable	<u>(24,050)</u>	<u>73,525(1)</u>	<u>165,737(2)</u>	<u>(116,262)</u>
Total Operating Expenses	<u>\$3,064,546</u>	<u>\$452,694</u>	<u>\$356,024</u>	<u>\$3,161,216</u>
TOTAL BEDS <u>88</u>		TOTAL PATIENT DAYS		<u>31,745</u>

KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE NURSING FACILITY
Adjustment Report
Cost Report Period Ended September 30, 1994
AC# 3-ASK-J4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	General Services	\$ 43,738	
	Dietary	50,456	
	Laundry	161	
	Housekeeping	3,261	
	Maintenance	20,054	
	Administration & Medical Records	91,124	
	Utilities	2,878	
	Legal	1,737	
	Ancillary	23	
	Nonallowable	73,525	
	Medical Supplies		\$ 69,015
	Taxes and Insurance		36,101
	Cost of Capital		85,171
	Other Equity		96,670
	To adjust costs to amounts per Blue Cross/Blue Shield settled cost report HIM-15-1, Section 2300		
2	Cost of Capital	165,737	
	Nonallowable		165,737
	To adjust Cost of Capital to allowable State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	\$ <u>452,694</u>	\$ <u>452,694</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE NURSING FACILITY
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1994
 AC# 3-ASK-J4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>1.9778</u>
Deemed Asset Value (Per Bed)	30,889
Number of Beds	<u>88</u>
Deemed Asset Value	2,718,232
Improvements Since 1981	1,045,779
Accumulated Depreciation at 9/30/94	<u>(1,217,796)</u>
Deemed Depreciated Value	2,546,215
Market Rate of Return	<u>.072</u>
Total Annual Return	183,327
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	183,327
Depreciation Expense	301,044
Amortization Expense	-
Capital Related Income Offsets	(17,589)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	466,782
Total Patient Days (Minimum 97% Occupancy)	<u>31,745</u>
Cost of Capital Per Diem	<u>\$ 14.70</u>

KERSHAW COUNTY MEDICAL CENTER
D/B/A A. SAM KARESH LONG TERM CARE NURSING FACILITY
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1994
AC# 3-ASK-J4

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 4.51
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>8.50</u>
Reimbursable Cost of Capital Per Diem	\$ 8.50
Cost of Capital Per Diem	<u>14.70</u>
Cost of Capital Per Diem Limitation	\$ <u>(6.20)</u>